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CARL J. KUNASEK
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IN THE MATTER OF THE APPLICATION
OF U S WEST COMMUNICATION, INC., A
COLORADO CORPORATION, FOR A
HEARING TO DETERMINE THE
EARNINGS OF THE COMPANY FOR
RATEMAKING PURPOSES, TO FIX A JUST
AND REASONABLE RATE OF RETURN
THEREON AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN

Docket No. T-01051B-99-0105

NOTICE OF FILING

Cox Arizona Telcom, L.L.C. ("Cox") hereby files its Initial Comments regarding Settlement Agreement Principles which had previously been communicated to Commission Staff and certain parties by email on October 17, 2000 (a copy of which is attached).

October 20, 2000.

COX ARIZONA TELCOM, L.L.C.

By

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**COX ARIZONA TELCOM, L.L.C.'S
COMMENTS RE US WEST RATE CASE
SETTLEMENT AGREEMENT PRINCIPLES**

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T-01051B-99-0105

These initial comments address the October 6, 2000 draft of the Principles of Settlement and related Attachment A. These comments are not intended to be all inclusive given the limited time for review and Cox may have additional or more specific comments once it has received and reviewed the Settlement Agreement.

1. Generally, the Price Cap Plan appears to ignore the existence of local competition and the related benefits to consumers. Qwest still retains an enormous share of both the business and residential market and still possesses monopoly power. Yet, there is an undercurrent of allowing Qwest more tools to compete if it is losing that 90%-95+% market share. That is premature.

2. Re Qwest's Application for Extension, the application should be provided to parties in this docket and should address impact on competition.

3. Re Attachment A, Section 2(c), the TSLRIC price floor is inappropriate. TSLRIC may be below actual cost due extensive shared family costs, common costs and marketing costs that may not be properly allocated to specific services. The price floor must include a proper assignment of shared, common and marketing costs similar to TELRIC.

4. Re Attachment A, Section 2(c)(ii), (iii), this allows for cross-subsidization, particularly given that certain services prices can be increased each year (more than 75% of initial cap over three years).

5. Re Attachment A, Section 2(c)(i), Commission needs to confirm that price cap is at or above cost (as defined by a proper price floor).

6. Once a proper measure for price floors is set, Qwest should be required to submit cost studies for review by the Commission and interested parties. No pricing flexibility should be allowed until those studies are approved.

7. Re Attachment A, Section 2(c)(vi), notice of price increases should be provided to CLECs given short-time frames for approval.

8. Any proposed price reduction (particularly for Bucket 1 services or packages involving Bucket 1 services) should be submitted to Commission for approval (and interested parties for review) to ensure the new price is not below the appropriate price floor.

9. Re Attachment A, Section 4, Cox has similar concerns about a TSLRIC price floor for Bucket 3 services and (especially) packages of services.

10. Re Attachment A, Section 4(d), need more clarification on what are proper "new services" or "new packages," particularly if it is a "new" package of Bucket 1 services with a Bucket 3 service. Again, CLECs should be provided notice of new packages and prices.

11. Re Attachment A, Section 4(g), the "geographic location" and "purchasing patterns" provisions are vague and ambiguous and rife with potential abuse. They should be eliminated or greatly elaborated upon. For example, the geographic location provision may allow specific pricing to a new apartment complex once a CLEC is able to serve the complex.

12. Re Attachment A, Section 5(c), what about the potential need to increase rates or price floors to protect against predatory pricing?

October 17, 2000
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